

CITY OF COLUMBUS JUNCTION

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD
JULY 1, 2020 THROUGH JUNE 30, 2021

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City of Columbus Junction

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
T. Mark Huston	Mayor	Jan 1, 2022
Harold Prior	Council Member	Jan 1, 2022
Darin Mapel	Council Member	Jan 1, 2024
Jason Payne	Council Member	Jan 1, 2022
Frank Best	Council Member	Jan 1, 2024
Tracy Harris	Council Member	Jan 1, 2024
Julie Heindel	City Clerk	Indefinite
Jodi Edwards	Deputy City Clerk	Indefinite

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor and Members of the City Council:

I performed the procedures below, which were established at Iowa Code Chapter 11.6 to provide oversight of Iowa cities. Accordingly, I have applied certain procedures to selected accounting records and related information of the City of Columbus Junction for the period July 1, 2020 through June 30, 2021, including procedures related to the City's compliance with certain Code of Iowa requirements identified below. The City of Columbus Junction's management, which agreed to the performance of the procedures performed, is responsible for compliance with these requirements and for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The City of Columbus Junction's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to report, in accordance with Chapter 11.6 of the Code of Iowa, recommendations pertaining to selected accounting records and related information of the City including the City's compliance with certain Code of Iowa requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures I performed are summarized as follows:

1. I observed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I obtained an understanding of the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I observed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and observed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I scanned City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I observed the City's fiscal year 2020 Annual Financial Report (AFR), the report submitted during the year under examination, to determine whether it was completed and accurately reflects the City's financial information.
7. I scanned investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I scanned depository resolutions, the City's investment policy and reporting of unclaimed property to the State of Iowa to determine compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa.

9. I scanned debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
10. I scanned selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
11. I observed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
12. I traced selected receipts to accurate accounting and consistency with the recommended COA.
13. The City had no voter approved levies.
14. I traced selected disbursements to proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
15. I traced transfers between funds to proper authorization and accurate accounting and determined whether proper.
16. I traced selected payroll and related transactions to proper authorization and accurate accounting and determined whether proper.
17. I observed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various findings and recommendations for the City. My findings and recommendations are described in the Detailed Findings and Recommendations section of this report. Unless reported in the Detailed Findings and Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was engaged by the City of Columbus Junction's management to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on specific accounting records and related information of the City, including compliance with specific Code of Iowa requirements. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the City of Columbus Junction and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

The purpose of this report is to report, in accordance with Chapter 11.6 of the Code of Iowa, certain agreed-upon procedures and the resulting findings and recommendations pertaining to selected accounting records and related information of the City, including the City's compliance with certain Code of Iowa requirements. This report is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Columbus Junction during the course of my agreed-upon procedures engagement. Should you have any questions concerning any of the above matters, I would be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

January 13, 2022

City of Columbus Junction

Detailed Findings and Recommendations

For the period July 1, 2020 through June 30, 2021

- (A) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. I noted inadequate segregation of duties in each of the following areas for the City:

- (1) Cash and Investments – handling, reconciling and recording.
- (2) Receipts – opening mail, collecting, depositing, recording, reconciling and posting.
- (3) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.

Recommendation – I realize segregation of duties is difficult with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review.

- (B) Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amounts budgeted in the public works, community and economic development, and general government functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

- (C) Bank Reconciliations –

- (1) The City has not remitted unclaimed property, consisting of several old outstanding checks, to the State Treasurer by November 1 as required by Chapter 556 of the Code of Iowa.
- (2) An outstanding deposit of \$50 dating from May 2018 needs to be resolved.

Recommendation – The City should remit unclaimed property each year to the State Treasurer as required by the Code of Iowa. The Clerk should investigate the cause of the \$50 outstanding deposit and resolve it appropriately.

- (D) Financial Condition – At June 30, 2021, the Emergency Fund had a deficit balance of \$4,751.74, the Capital Projects Funds had a deficit total of \$88,872.88, and the Sewer Funds had a deficit total of \$5,698.82.

The City does have an overall positive cash balance of \$427,461 as reported on the June 30, 2021 AFR.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

- (E) Debt Reporting – A new street sweeper loan in the amount of \$38,000 was not reported on the outstanding obligations report to the State Treasurer. The New Heritage Street debt is general obligation debt and so should be paid out of the Debt Service Fund.

City of Columbus Junction

Detailed Findings and Recommendations

For the period July 1, 2020 through June 30, 2021

Recommendation – The City should ensure that all debts outstanding are reported on the Outstanding Obligations report, including the street sweeper loan if it has a balance at June 30, 2022. The City should make payments for the New Heritage Street debt from the Debt Service Fund.

- (F) City Council Meeting Minutes – Council went into closed sessions during the meetings on November 12, 2020, November 25, 2020, and December 30, 2020 regarding litigation, but the specific Code section was not cited in the minutes as required by the Code of Iowa Chapter 21.5.

The February 24, 2021 publication of minutes did not include a summary of receipts as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should comply with the Code of Iowa by citing the specific Code section for closed sessions and publish a summary of receipts every month.

- (G) Cash on Hand – I counted cash on hand on two different days and noted overages of \$69.72 and \$114.96.

Recommendation – The City should reconcile cash on hand with collections daily and properly resolve any differences so that overages or shortages do not carry over to the next day.